

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 08462 081529Z

51

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 SAJ-01 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEAE-00 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04

PRS-01 USIA-15 NEA-14 DRC-01 /187 W

----- 041704

P R 081521Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1867

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIAL USE LONDON 08462

E.O. 11652: N.A.

TAGS: ENRG, UK

SUBJECT: LABOUR GOVERNMENT PLANS ANNOUNCEMENT RE
GOVERNMENT CONTROL OF NORTH SEA OIL

REF: LONDON 8461

1. USUALLY AUTHORITATIVE FINANCIAL TIMES OF JULY 8
NOTES THAT CREATION OF A BRITISH NATIONAL OIL CORPORA-
TION (BNOC) TO ADMINISTER FINANCIAL CONTROL OF
NORTH SEA OIL OPERATIONS -- CONTROL OF WHICH IS TO BE
OBTAINED BY NEGOTIATION WITH THE COMPANIES -- IS
MAJOR PROPOSAL OF WHITE PAPER. PAPER'S MAIN EMPHASIS
IS PURPORTEDLY ON HMG'S INTENTION TO NEGOTIATE
"MAJORITY PARTICIPATION" IN EXISTING OPERATIONS RATHER
THAN BY IMMEDIATE STATUTORY ACQUISITION. FINANCIAL
TIMES COMMENTS THAT HMG'S MAIN BARGAINING STRENGTHS
WILL BE IN ITS POWER TO GRANT OR WITHHOLD FUTURE
LICENSES FOR EXPLORATION OR EXPLOITATION AND ALSO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 08462 081529Z

TO DECIDE LEVEL OF INCREASED ROYALTIES AND TAXATION

COMPANIES MUST PAY ON EXISTING OPERATIONS.

2. FINANCIAL TIMES OBSERVES THAT INITIALLY BNOC IS TO SERVE PRINCIPALLY AS AGENT OF HMG, ALTHOUGH ULTIMATELY, AS IT ACQUIRES MORE EXPERTISE, IT WOULD BE ALLOWED TO ENGAGE IN OIL OPERATIONS ON ITS OWN. THESE MIGHT BE IN COOPERATION WITH BRITISH GAS CORPORATION AND BRITISH PETROLEUM (WHICH IS ALREADY PARTIALLY OWNED BY HMG). WHITE PAPER REPORTEDLY WILL STRESS, HOWEVER, NEED FOR "FISCAL AND CONTROL" MEASURES RATHER THAN ENTITY WHICH WOULD BUY EXTRACTED OIL, AS ENVISAGED ORIGINALLY IN LABOUR PARTY MANIFESTO.

3. FINANCIAL TIMES COMMENTS HMG BELIEVES WHITE PAPER WILL RECEIVE CONSIDERABLE SUPPORT THROUGHOUT COUNTRY -- IN ADDITION TO SCOTLAND FOR WHICH SPECIAL ARRANGEMENTS ARE TO BE MADE TO RECEIVE FAIR SHARE OF PROFITS. DECISION TO OPT FOR NEGOTIATION RATHER THAN LEGISLATIVE ACQUISITION ALSO IS EXPECTED TO DECREASE RISK OF OIL COMPANIES REDUCING THEIR EXPLORATION PROGRAMS IN NORTH SEA.

4. FINANCIAL TIMES GOES ON TO REPORT OPPOSITION BY PATRICK JENKIN, FORMER MINISTER FOR ENERGY AND CONSERVATIVE PARTY SPOKESMAN ON ENERGY, TO GOVERNMENT NATIONALIZATION OF NORTH SEA OIL. IN JULY 7 RADIO BROADCAST, JENKIN ARGUED THAT HMG SHOULD NOT COMMIT TAXPAYER TO SPENDING BILLIONS OF POUNDS WHEN TWO MAJOR OBJECTIVES OF ENSURING FLOW OF MONEY TO EXCHEQUER AND KEEPING CONTROL OF NORTH SEA OPERATIONS COULD BE ACHIEVED WITHOUT NATIONALIZATION. HE STATED THAT IF CONSERVATIVES HAD WON LAST ELECTION THEY HAD LEGISLATION PREPARED TO INSURE THAT CORPORATION TAX WOULD BITE ON OIL PROFITS AND WERE READY TO INSURE THAT 75 TO 80 PER CENT OF PROFITS FLOWED BACK TO EXCHEQUER.
ANNENBERG

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ENERGY, PETROLEUM PRODUCTION, CONSERVATION, STATE ENTERPRISES, FINANCIAL TRANSACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON08462
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740180-0969
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740769/aaaacguw.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LONDON 8461
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Jul-2001 by kellerpr>; APPROVED <19 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LABOUR GOVERNMENT PLANS ANNOUNCEMENT RE GOVERNMENT CONTROL OF NORTH SEA OIL
TAGS: ENRG, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005